

OIL & GAS REGULATORY AUTHORITY

Ne. OGRA-7-13(8)/12
Islamabad, the December 31, 2013

To:

The Chief Secretary,
Government of Punjab,
Lahore.

The Chief Secretary,
Government of Sindh,
Karachi

The Chief Secretary,
Government of KPK,
Peshawar.

The Chief Secretary,
Government of Balochistan,
Quetta.

The Chief Secretary,
Government of Gilgit,
Baltistan.

Subject: SALE OF PETROL AND DIESEL BY THE PETROL PUMP DEALERS AT THE PRICE PRESCRIBED BY THE FEDERAL GOVERNMENT

This is with reference to the meeting held on December 07, 2013 in Office of the Additional Chief Secretary, Lahore on the above subject, whereby the issue of overcharging by the petrol pumps dealers was discussed in detail.

2. Briefly stating, I would like to draw your kind attention towards the legal position relating to monitoring and enforcing the sale of petroleum products at the OMCs notified price. Oil Marketing Companies (OMCs) are the licensees of OGRA, under the Pakistan Petroleum (Refining, Blending & Marketing) Rules, 1971 and as per terms and conditions of the permission; OMCs are obligated to ensure the following:-

- (i) None of their dealer charges a price more than their notified price and develops a monitoring system to implement the same.
- (ii) Maximum notified sale price is prominently displayed at the pump sites, all the time, for the information and convenience of the customers.

3. While, Section 6 (2) (h) of OGRA Ordinance provides the powers to monitor and enforce compliance by the licensees with the conditions of the licenses/permission. If this section is read together with

aforesaid conditions of the permission, it is clear that the OMCs are responsible for the sale of petroleum products at their petrol pumps at the prices notified by respective OMCs.

4. Whereas, rule 34 of Rules 1971 empowers the Deputy Commissioners for entry, inspections and enforcement of the aforesaid Rules by inspecting/enquiring any such premises, where they consider necessary for ensuring that provisions of these Rules or any order made there under are fully observed. Any person who contravenes the provisions of any of these rules, under rule 44, shall, without prejudice to any other action that may be taken under these rules in relation to the contravention, be punishable for every breach with imprisonment or a term which may extend to three years, or with fine (which shall not be less than fifteen thousand rupees) or with both.

5. In addition, as per amendment made in the said Rules by the Federal Government, vide SRO236 (I)/2006 dated 13th March 2006, rule 43-A of the above Rules is also reproduced hereunder:-

**Certain powers exercisable by the District Coordination Officer.- In rule 34, 35, 36, 38 & 43, any reference to the "Authority" includes a reference to the "District Coordination Officer" of the district in, or in relation to which, any power or functions is to be exercised or performed by the Director General Oil or OGRA, as the case may be.*

6. Further, it is pertinent to mention that Petroleum Products (Petroleum Levy) Ordinance, 1961 also provides powers under Section 4 for controlling the overcharging as under:-

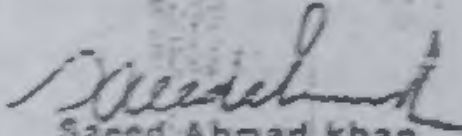
"4. maximum sale price- (1) notwithstanding anything contained in any other law, no company shall sell (ex-refinery, ex-installation, ex-retail outlet or ex-depot) any petroleum product at a price higher than the fix sale price.

(2) A contravention of sub section (1) shall be deemed to be a contravention of an order made under section 3 of the (Price Control and Prevention of Profiteering and Hoarding Act, 1977) and all the provisions of that act shall have effect accordingly.

(3) Nothing in this ordinance shall be deemed to have or ever to have had the effect of retrospectively creating any offence or of retrospectively enhancing the punishment for any offence provided in any law for the time being in force.

7. OGRA, through its Enforcement Department undertakes the surprise inspections at the retail outlets on regular basis. However, in light of above stated legal position, you are also requested to take all the measures under the applicable Law/Rules, for ensuring the sale of petroleum products by the petrol pump dealers in your respective area of jurisdiction, at the price notified by respective CMCs, please

Yours truly,


Saeed Ahmad Khan
Chairman